

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS

FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of the Application
by Lakehead Pipe Line Company,
Limited Partnership for a
Certificate of Need for a
large Energy Facility

FINDINGS OF FACT,
CONCLUSIONS OF LAW
AND RECOMMENDATION

The above-entitled matter came on for hearing before Steve M. Mihalchick, Administrative Law Judge, on March 8, 1994, in the Meeting Room of the Pennington County Courthouse in Thief River Falls, Minnesota. The hearing was concluded and the record closed that day. Two members of the public asked for clarification of certain issues during the hearing, which the Company addressed at the time.

Paul W. Norgren, General Counsel and Assistant Secretary, Lakehead Pipe Line Company, Inc., 400 Lake Superior Place, 21 West Superior Street, Duluth, Minnesota 55802, and Leo G. Stern, Fredrikson & Byron, P.A., 1100 international Centre, 900 Second Avenue South, Minneapolis, Minnesota 55402, appeared on behalf of the applicant Lakehead Pipe Line Company, Limited Partnership ("Lakehead" or "the Company"). Brent Vanderlinden, Special Assistant Attorney General, Suite 1200 NCL Tower, 115 Minnesota Street, St. Paul, Minnesota 55101, appeared on behalf of intervenor the Minnesota Department of Public Service. David L. Jacobson and Clark Kaml, Public Utilities Commission, 121 Seventh Place East, Suite 350, St. Paul, Minnesota 55101, appeared on behalf of the Public Utilities Commission.

Notice is hereby given that, pursuant to Minn. Stat. 14.61, and the Rules of Practice of the Public Utilities Commission and the Office of Administrative Hearings, exceptions to this Report, if any, by any party adversely affected must be filed within 20 days of the mailing date hereof with the Executive Secretary, Minnesota Public Utilities Commission, 121 Seventh Place East, Suite 350, St. Paul, Minnesota 55101- 2145. Exceptions must be specific and stated and numbered separately. Proposed Findings of Fact, Conclusions and Order should be included, and copies thereof shall be served upon all parties. If desired, a reply to exceptions may be filed and served within ten days after the service of the exceptions to which reply is made. Oral argument before a majority of the Commission will be permitted to all parties adversely affected by the Administrative Law Judge's recommendation who request such argument. Such request must accompany the filed exceptions or reply, and an original and 15 copies of each document should be filed with the Commission.

The Minnesota Public Utilities Commission will make the final determination of the matter after the expiration of the period for filing exceptions as set forth above, or after oral argument, if such is requested and had in the matter.

Further notice is hereby given that the Commission may, at its own discretion, accept or reject the Administrative Law Judge's recommendation and that said recommendation has no legal effect unless expressly adopted by the Commission as its final order.

I. STATEMENT OF ISSUE

Has the Company satisfied the statutory and rule requirements to justify the need for its proposed pipeline expansion?

Based upon all of the proceedings herein, the Administrative Law judge makes the following:

II. FINDINGS OF FACT

Procedural History and Parties

1. On December 10, 1993, the Company filed its application with Minnesota Public Utilities Commission ("the Commission") for a certificate of need for a large energy facility pursuant to Minn. Stat. 216B.2421, subd. 2(c) and 216B.243. The Company supplemented its application on December 13, 1993, with confidential shipper information pursuant to Minn. Rules, parts 7853.0510 to 7853.0530. The application and its supplement are referred to collectively as "the Application."

2. On January 10, 1993, the Commission issued its order accepting the Application as substantially complete.

3. On January 10, 1993, the Commission issued its notice and order for hearing, referring the matter to the Office of Administrative Hearings for contested case proceedings. The matter was assigned to Administrative Law Judge Steve Mihalchick for hearing. The Department of Public Service ("DPS") was designated to investigate the reasonableness of granting a certificate of need to the Company.

4. The Commission's notice and order for hearing were published in the Minnesota State Register on January 18, 1994, 18 Minn. Reg. 1671. On January 14, 1994, the Company distributed copies of the notice and order for hearing to owners of property through which the proposed pipeline will pass. In addition, on January 14, 1994, the notice and order for hearing were sent to the chairmen of the county boards for each county through which the proposed pipeline would pass.

5. The Administrative Law Judge held a prehearing conference on January 26, 1994. Representatives of the Company and of the DPS participated in the prehearing conference. On January 27, 1994, the Administrative Law Judge issued a Prehearing Order.

6, DPS was granted permission to intervene in this matter as a party.

7. The Prehearing Order set a public hearing on March 8, 1994, in Thief River Falls, Minnesota, and if needed so as to complete such hearing, on March 10, 1994, in St. Paul, Minnesota.

8. On February 22, 1994, display advertisements giving notice of the public hearing were published in the Pennington Times (Thief River Falls), the Leader Record (Gonvick), the New River Record (Middle River), the McIntosh Times, and the Oklee Herald. On February 23, 1994, display advertisements giving notice of the public hearing were published in the Bagley Farmers Independent & Shopper, the Crookston Times, the Erskine Echo, the Exponent (Fast Grand Forks), the Gazette (Red lake Fals), the Grand Forks Herald, the Kittson County Enterprise (Hallock), the Pioneer (Bemidji), and the Stephen Messenger Banner. On February 24, 1994, a display advertisement giving notice of the public hearing was published in the North Star News (Karlstad).

9. In addition to the public hearing required by the Certificate of need process, the Company also proposed resolutions in favor of the pipeline expansion to the county boards of each county where the pipeline route is proposed to be located. Public meetings of the relevant county boards were held according to the following schedule:

Pennington County	January 25,	1994
Polk County	January 25,	1994
Kittson County	February 1,	1994
Marshall County	February 2,	1994
Clearwater County	February 8,	1994
Red lake County	February 14,	1994

Each of the county boards adopted a resolution in favor of the proposed pipeline expansion. (Exhibits 2 - 7).

10. Public informational meetings were held by the Minnesota Environmental Quality Board ("EQB") in each of the six counties to address the Company's application for partial exemption from pipeline route selection procedures pursuant to rules promulgated under Minn. Stat. 1161.015. The EQB meetings were held according to the following schedule:

Kittson County	February 14,	1994
Marshall County	February 14,	1994
Pennington County	February 15,	1994
Red Lake County	February 15,	1994
Polk County	February 16,	1994
Clearwater County	February 16,	1994

11. On February 7, 1994, the Company filed a supplement to its application for a certificate of need. The Company's original application as supplemented constitutes its prefiled direct testimony in this matter.

12. The parties have stipulated to Findings and Conclusions in the same general format and substance as these Findings and Conclusions. (Exhibit 12).

The Applicant and the Project

13. The Company owns and operates an interstate common carrier crude petroleum and natural gas liquids pipeline system in the states of North Dakota, Minnesota, Wisconsin, Michigan, Illinois, Indiana and New York. As a common carrier, the Company's customers are shippers of hydrocarbons. Such shippers desire to contract with the Company for transport of their commodities to various refineries or other destinations either owned by them or by third parties.

14. The Company's system is connected to the Interprovincial Pipe Line Inc. ("IPL") pipeline system. Together, the two systems comprise the world's longest liquids pipeline, covering approximately 3,200 miles from western Canada through the upper and lower Great Lakes region of the United States to points in eastern Canada. (Application 7853.0230 at 1-2).

15. The interconnection between the Lakehead and IPL systems is permitted and subject to an existing Agreement Between the Government of Canada and the Government of the United States of America Concerning Transit Pipelines dated January 28, 1977. (Exhibit 9). This Agreement encourages the uninterrupted transportation of hydrocarbons between the two countries.

16. The Lakehead system covers approximately 1,750 miles, from the Canadian border near Neche, North Dakota to the Canadian border near Marysville, Michigan. Substantially all of the crude petroleum and natural gas liquids transported by Lakehead are delivered to markets in the United States and eastern Canada. The Lakehead system serves all of the major refinery centers in the Great Lakes region of the United States as well as the Province of Ontario. The Lakehead system transports approximately two-thirds of all crude petroleum and natural gas liquids produced in western Canada, and deliveries on the system average approximately 1.2 million barrels per day. (Application 7853.0230 at 2).

17. The Company proposes to add approximately 107 miles of 20- inch outside diameter pipe in its existing right-of-way and parallel to its existing pipelines in Minnesota from the North Dakota border to its terminal facility in Clearbrook, Minnesota. The new pipeline will be used to transport crude petroleum and other liquid hydrocarbons to Minnesota Pipe Line at Clearbrook, Minnesota and to other delivery points east of Clearbrook. The estimated cost of the Minnesota portion of the new pipeline is approximately \$50,000,000. (Application 7853.0230 at 3).

18. The Company's proposed expansion will interconnect with a corresponding expansion of IPL's system in western Canada. The IPL

expansion will interconnect with Lakehead's expansion at the Canadian border near Neche, North Dakota. IPL has already applied for and received approval of Canada's National Energy Board ("NEB") for its portion of the expansion. (Litzau testimony at 7 and 12, Exhibit 13). The Company's proposed expansion will also interconnect with pipeline facilities previously approved by the Commission in March 1985. The Commission's 1985 approval involved the Minnesota Pipe Line Company system, which extends from Clearbrook, Minnesota to the Twin Cities area. (Application 1853.0230 at 5).

19. The Company plans to begin construction on the new pipeline in June, 1994, and to place the new pipeline in service by December, 1994.

integration of the new pipeline Into Lakehead's system will increase the system's annual capacity by approximately 155,000 barrels per day. (Application 7853.0230 at 3).

20. The new pipeline will cross the Minnesota counties of Kittson, Marshall, Pennington, Red Lake, Polk and Clearwater. Because the pipeline will be constructed adjacent to the Company's existing pipeline corridor, no additional right-of-way will be needed, except in certain special circumstances because of restrictive easements and to facilitate special construction practices. (Application 7853.0230 at 2).

Applicable Statutory Criteria

21. Minn. Stat. 216B.243 and Minn. Rules, parts 7853.0010-0800 set forth the criteria which must be met to establish need for the proposed pipeline expansion.

A. Potential Adverse Result of Denial (Minn. Rules 7853 0130 (A); Minn. Stat. 216B.243(i), (2), (4), and (9))

(1) Accuracy of Forecast of Demand

22. The major supply source, approximately /5%, of crude petroleum for refining at the two refineries within the State of Minnesota is provided through Lakehead's system. (Application 7853.0240 at 1). Specifically, the Lakehead system makes deliveries at Clearbrook, Minnesota to Minnesota Pipe Line Company's system. That system serves the two refineries located in the Twin Cities area. Minnesota Pipe Line received a certificate of need in 1985 for a capacity expansion of Its system from Clearbrook to the Twin Cities. As such, this geographic region is largely dependent on the reliable supply of crude oil through Lakehead's system. (Application 7853.0250 at 1).

23. The current annual capacity of the Company's pipeline system is approximately 1.2 million barrels per day. In 38 of the 33 months prior to January of 1994, the shippers requested transport of more petroleum than the Company's pipeline capacity allows, resulting in apportionment of the pipeline system's capacity among the various shippers during each of such months. (Application 7853.0240 at 1).

24. Based on shipper forecasts supplied to the Company, the capacity

shortfall is expected to continue for the next eight years The
capacity
shortfall is estimated to exceed 170,000 barrels per day on a seasonal
basis
and to average nearly 140,000 barrels per day over the next five years.
(Application 7853.0240 at 1).

25, The past shortfalls in the system's capacity have resulted in
reductions or discounts to the price of Canadian crude oil caused by
apportionment and the unreliability of supply. Continued Shortfalls in
the
system's capacity will cause such discounts to continue and may result
in
western Canadian crude oil being further "shut in" to the region.
(Application 7853.0240 at 2).

26. The advantages to the producing sector of the proposed
expansion of
the system's capacity are estimated to be approximately \$1.8 billion.
(Application 7853.0240 at 2-3).

27. The advantages to the refining sector of the proposed expansion of the system's capacity are expected to include a sharing of the revenue benefit to the producing sector, a broader choice of supply of crude oil, and the availability of a stable source of supply at a predictable price. (Application 7853.0240 at 4). Lakehead's application is supported by the refining sector, (Letters from Koch Refining Company and Ashland Petroleum Company, Exhibits 10 and 11).

28. The advantages to the general public of the proposed expansion of the system's capacity are expected to include continuation of a stable North American source of petroleum supplies to the region, thereby reducing the risk of supply interruptions in the future from other, less stable, sources of supply. The expansion will also contribute to the tax base, will create temporary and permanent employment opportunities and foster stable employment for Minnesota residents, and will provide associated economic benefits to communities near the pipeline system and to the state as a whole. (Application 7853.0240 at 4, 7853.0270 at 1-2).

29. The advantages to the Company include an ability to meet the increase in forecast throughput, increased system flexibility, and greater utilization of facilities. Even if the forecast throughout declines, the expansion facilities will enable the system to meet capacity needs at lower operating expenses for power and for drag reducing agents ("DRA") (chemicals introduced into the pipeline to lessen friction of the product against the pipe's interior walls), and to increase the viscosity limit of heavy crude oil blends transported on the system. (Application 7853 0240 at 4-5).

30. The Company's forecasts of demand for capacity on its system have been demonstrated to be reasonably accurate. (Application 7853.0520; Litzau testimony at 12, Exhibit 13.)

(2) Effects of Conservation Programs

31. The effects of existing or possible state and federal energy conservation programs, including the incentives in the National Energy Policy Act of 1992 for increasing production of alternative fuel vehicles, are not expected to reduce demand for refined petroleum products so as to eliminate the excess demand for crude oil products to be shipped through the Company's pipeline system. (Kosewski testimony at 9, Exhibit 13, and Lakehead's Response to Kosowski Information Request No. 9 attached as Exhibit SK-3 to Kosowski testimony).

32. The Company itself has engaged in substantial activities to meet energy efficiency and conservation goals, including its installation of variable frequency induction motor drives to minimize wasted energy at its pumping stations, its use of a computerized pipeline control system to implement the most efficient combination of pumps, its use of high efficiency pumps and motors, its investigation of utility incentive programs for

energy/power lost savings, and its use of DRA. (Application 7853,0260).
These conservation activities are expected to continue with the expansion.

(3) Effects of the Company's Promotional Practices

33. The Company has not engaged in any promotional activities to increase the demand for crude oil to be shipped through its pipeline system. (Application 7853.0250 at 3).

(4) Ability of Other Facilities to Meet Future Demand

34. No evidence suggests that the Company has access to any current or planned facilities not requiring certificates of need which could meet the anticipated future demand.

(5) Effect of Proposed Facility in Efficient Use of Resources

35. The proposed expansion of the Company's pipeline system will make efficient use of resources by allowing the continuing demand for crude petroleum and natural gas liquids from western Canada to be met by commodities transported by the safest and most efficient method for delivering petroleum to the Upper Midwest. In addition, the DPS's analysis concluded that denial of the certificate of need would adversely affect the allocative efficiency of future crude oil supplies in the region. (Litzau testimony at 3, Exhibit 13).

B. Alternatives to Applicant's Proposal (Minn, Rules
% 0LQQ Stat. 216B.243(7))

36. The Company has identified five possible alternatives to its proposal. (Application 7853.0540).

37. The first alternative is the optimization of the Company's existing pipelines without the addition of new pipelines. This alternative, which includes the use of ORA, incremental additions of additional horsepower, and the use of alternative transportation routes through western Canada, has already been pursued and essentially fully developed by the Company. Accordingly, this alternative cannot provide any significant part of the 155,000 barrels per day ("BPD") increase that would be provided by the proposed pipeline expansion. (Application 7853.0540 at 1-2).

38. The second alternative is to construct new lines in conjunction with existing pipelines through alternative routes other than the Company's route. A proposal was made by Alberta Energy Company, LTD, to transport volumes from western Canada south to Wyoming in a proposed new 24-inch, 775-mile long pipeline system to be in service by 1995. This proposal was withdrawn in November, 1993, due to lack of support by potential shippers. Such massive construction with its attendant costs does not present a realistic alternative to the Company's proposed expansion. (Application 7853.0540 at 2).

39. The third alternative is to construct new lines, other than that being proposed, in conjunction with existing pipelines through the Company's existing route. Variations considered and rejected as less than optimal included (1) the construction of a new pipeline from Gretna, Manitoba to Superior, Wisconsin; (2) the construction of an 18-inch pipeline from Gretna, Manitoba to Clearbrook, Minnesota; and (3) the construction of the proposed

new 20-inch pipeline, but with the new line being used for light crude as opposed to natural gas liquids. Variation (1) had an unreasonably high capital cost of \$120 million; variation (2) would have resulted in higher power costs over the recommended design; and variation (3) would not have minimized the power cost/energy consumption as does the recommended design. (Application 7853.0540 at 3).

40. The fourth alternative is to construct an entirely new line to the markets in Minnesota and Chicago. This alternative also had an unreasonably high capital cost of \$500,000,000. (Application 7853.0540 at 4).

41. The fifth alternative is to utilize alternative modes of transportation. However, pipelines have been shown to be the safest and most efficient means of transporting petroleum to meet the petroleum needs of the Upper Midwest. (Application 7853.0250 at 2-3). An estimated 272 tanker trucks would be required, each to run four loads per day, 365 days per year, to transport the additional 155,000 BPD from Gretna to Clearbrook. These trucks collectively would travel over 100,000,000 miles per year, and would consume more than 25,000,000 gallons of fuel per year. For reasons of cost, safety, and reliability of supply, this alternative also is not feasible. (Application 7853.0540 at 4-5).

42. In addition to the five alternatives identified by the Company, the DPS identified and analyzed two alternatives: (1) the use of alternative sources of oil, and (2) the use of conservation of the end-uses of the proposed facility. In analyzing these additional alternatives, the DPS concluded that neither is preferable to the Company's proposed expansion because: (1) alternative oil supplies are not as cost-effective as Canadian oil and are not readily available due to strained inland transportation systems (Litzau testimony at 14-16, Exhibit 13); and (2) conservation efforts will not make a significant impact on demand in time to provide a feasible alternative to the proposed pipeline (Kosowski testimony at 8-9, Exhibit 13).

(1) Appropriateness of Proposed Facility Compared to Alternatives

43. The size, type, and timing of the Company's proposed facility is preferable to that of any of the five alternatives. The first alternative is much smaller in scope and has already been implemented, but it cannot meet the increased demand. The second, fourth, and fifth alternatives would be much larger in scope, and would not be as appropriate or closely matched to the forecasted demand for the Company's capacity. The third alternative either poses an unreasonably high capital cost or fails to minimize power costs and energy consumption.

(2) Costs of Proposed Facility Compared to Costs of Alternatives

44. The proposed facility is less expensive than any of the alternatives except the first one, and as noted above, the first alternative has already been used and has proven insufficient to satisfy the increased demand.

(3) Effect of Proposed Facility on Environments Compared to Alternatives

45. The proposed facility poses the least risk to the natural and socioeconomic environments of the alternatives that would be effective to

meet the increased demand. By laying an additional pipeline within the

Company's existing right-of-way, parallel and adjacent to other existing pipelines, the Company will be minimizing the Impact of its expansion. The Company has developed its construction practices to minimize any negative effects on the land, persons, and communities In the vicinity of the expansion project. The second, third, and fourth alternatives, all of which would also Involve substantial construction, would be at least as Intrusive as the proposed facility, if not more so. The fifth alternative does not involve construction, but would present a substantial, ongoing impact to the natural and socioeconomic environments by introducing heavy and continual tanker truck traffic through the communities along the route of the proposed facility.

4) Expected Reliability of Proposed Facility Compared to Alternatives

46. The proposed facility would be at least as reliable as any of the first four alternatives, all of which also involve transportation of petroleum through a pipeline system. The fifth alternative would be substantially less reliable. Tanker trucks would be subject to breakdowns and inability to meet schedules for any number of reasons, would substantially increase the wear and tear upon the roads upon which they would travel, and would be vulnerable to adverse weather conditions, road conditions, and other problems. In contrast, pipelines represent a more safe, stable and efficient form of transportation for crude petroleum and natural gas liquids.

47. In light of the foregoing, none of the proposed alternatives is a viable alternative to the Company's proposed pipeline expansion.

C. Comparison of the Consequences of Granting the Certificate of Need with the Consequences of Denying the Certificate of Need (Minn. Rules & 0LQQ Stat. 261B.243(3), (5), and

6))

(1) State Energy Needs

48. The Company's proposed facility is consistent with overall state energy needs. The Company's existing facility cannot meet the demands of its shippers, and the Company's proposal is the most efficient manner of meeting the shippers' excess demand. The overall energy needs of the state are best served by meeting its current and future energy needs using the most efficient alternative. The pipeline would improve the reliability of Minnesota's crude oil sources by increasing the amounts of crude oil that could efficiently be transported into the state from western Canadian sources. Reliability would also be improved because the refineries in this geographic area would be assured of a more stable supply from the shippers in western Canada.

(2) impact on Natural and Socioeconomic Environments

49. The Company's proposed expansion will have a limited, temporary impact on the natural and socioeconomic environments in Minnesota. (Application 7853,0620, 7853.0630). The pipeline expansion will be constructed adjacent to the existing pipeline corridor and within the existing right of way, except in certain special circumstances. The addition of another pipeline in an existing right-of-way parallel to other existing

lines will have little permanent effect on the property values of affected land owners. Any Impact that might result will occur during the construction process, and the Company has developed construction practices to minimize such impact. The Company has represented that landowners will be compensated for any damages resulting from construction.

50. The Company has applied to the Minnesota EQB for a pipeline routing permit and has cooperated with the EQB in its environmental assessment process. The Company's proposal shows that the Company intends to undertake all reasonable efforts to minimize any temporary effect on natural and socioeconomic environments caused by the construction process.

(3) Effects on Future Development

51. There is no evidence to suggest that the proposed Facility will have any substantial direct impact on future development in the state of Minnesota. (Application 7853.0640). The proposed facility will enable current and future demands for crude oil in the state to be met in an efficient manner, thereby improving the opportunities for future development by enhancing the reliability and cost-effectiveness of western Canadian crude oil as a source of energy in Minnesota, but there is no evidence that the proposed facility will directly induce any specific development.

(4) Socially Beneficial Uses of the Output of the Proposed Facility

52. As discussed in Finding 28, the proposed pipeline expansion will have socially beneficial effects in terms of a greater reliability of crude oil supplies from a North American source, additional temporary and permanent employment opportunities for Minnesota residents, an increased tax base for the affected counties, and associated economic benefits to those counties and to the state as a whole.

D. Compliance with Other Governmental Policies, Rules and Regulations (Minn. Rules ' 0LQQ Stat. 216B.243(8))

53. The Company has complied with or is in the process of complying with the relevant policies, rules, and regulations of the various state agencies, federal agencies and local governments which have jurisdiction over the proposed project. In particular, the pipeline system is extensively regulated by the United States Department of Transportation and its Office of Pipeline Safety under the provisions of the Hazardous Liquids Pipeline Safety Act and its related statutes and regulations, and by the Federal Energy Regulatory Commission, with respect to the filing, adjustment, and application of the Company's tariff.

Based upon the foregoing Findings of Fact, the Administrative Law Judge makes the following:

111. CONCLUSIONS

1. Any of the foregoing Findings which more properly should be designated as Conclusions are hereby adopted as such.

2. The Commission duly acquired and has jurisdiction over this matter.

3. The Company and the Commission have fulfilled all relevant substantive and procedural statutory and regulatory requirements.

4. The application substantially conforms to the requirements of all applicable statutes and rules, as modified by orders of the Commission.

5. The Company has demonstrated in this proceeding that there is an established need for the completion of the proposed expansion to the Company's pipeline system from the North Dakota border to Clearbrook, Minnesota. It has been established that there is a current and anticipated future demand for increased capacity on the Company's pipeline system, and that the Company's proposed facility is the most cost effective and reliable means for satisfying this additional need for capacity.

6. The probable result of a failure to complete the proposed expansion would be to affect adversely the future adequacy, reliability, efficiency, and cost-effectiveness of the petroleum supplied to refineries in Minnesota and other states and to the people of Minnesota.

7. A more reasonable and prudent alternative to the proposed expansion of the Company's pipeline system has not been demonstrated.

8. Both the immediate and the long-term consequences of granting a certificate of need to the Company outweigh the consequences of denying the certificate.

9. It has not been demonstrated that the design, construction or operation of the proposed pipeline will fail to comply with any relevant policies, rules or regulations of other state agencies, federal agencies or local governments which have jurisdiction over the pipeline. In this regard, it should be noted that the Company's pipeline system is an interstate common carrier system, governed by the Interstate Commerce Act, 49 U.S.C. 1 et seq., and subject to extensive federal regulation under the Hazardous liquids Pipeline Safety Act, 49 U.S.C. Appx. 2001 et seq., and other statutes and rules which effectively preempt any state regulation of the subjects covered by the federal legislation and regulation.

10. The requirements for a certificate of need set forth in Minn. Stat. 216B.243 and Minn. Rules, part 7853 have been satisfied.

Based upon the foregoing Findings of Fact and Conclusions, the Administrative law Judge makes the following:

IV. RECOMMENDATION

That the application of Lakehead Pipe Line Company, Inc. for a certificate of need for a new large energy facility be granted.

Dated: March 10 1994

STEVE M. MIHALCHICK
Administrative Law judge